

IV. OTHER ISSUES

[Notice, Section VIII]

A. Regulation of Terminating Access

WorldCom already has discussed why the incumbent LECs face no material competition with respect to terminating access, and why it follows that a prescriptive approach should be used to require price cap incumbent LECs to bring terminating access to cost. Similarly, because IXC's have no control over the terminating access provider of the called party, they could be subject to unreasonable termination charges even by CLECs. The Commission thus sought comment on whether to impose any regulation on terminating access offered by CLECs. 101/

In these circumstances, WorldCom supports a rule that a CLEC's terminating access rates will be presumed reasonable if they are less than or equal to the terminating access charges of the incumbent LEC with which the CLEC is competing. This approach is administratively simple, and has been taken by a number of states. WorldCom itself (i.e., MFS) has voluntarily limited its interstate terminating access charges to the benchmark level of the local incumbent LEC.

The Commission should not, however, impose any other restrictions on the rate structures or rate levels of CLECs, which are non-dominant carriers. The

101/ Notice, ¶¶ 279-80.

complaint process will provide a vehicle for addressing competitive issues in the unlikely event that problems arise. Moreover, the Commission should not decide now how long this requirement should remain in place. 102/

Finally, WorldCom agrees that originating “open end” minutes should continue to be treated as terminating minutes for access charge purposes. 103/ This rule should apply to both ILECs and CLECs.

B. Treatment of Interstate Information Services

WorldCom agrees with the Commission’s tentative conclusion not to permit incumbent LECs to assess interstate access charges on information service providers at this time. 104/ No purpose would be served by imposing the inefficiencies and excessive costs present in current access charges on Internet service providers or other information providers. The focus here instead should be on how to remove those burdens from interexchange services. We will reserve further comment on this subject for the Notice of Inquiry (“NOI”) proceeding.

102/ Eventually it may prove most efficient for all carriers to terminate each others’ traffic, whether local or toll, without intercarrier compensation. This is particularly true insofar as those costs are non-traffic sensitive and therefore directly related to the called party’s connection to the network. In those cases charges to the subscriber by his or her local carrier could cover the cost of receiving both local and toll calls.

103/ Notice, ¶ 281.

104/ Notice, ¶¶ 282-290.

C. Part 69 Revisions

The Commission definitely should require price cap ILECs to make an exogenous cost reduction to account for the completion of the amortization of equal access network reconfiguration costs; we address this issue above in our discussion of the TIC. 105/ We support the proposal to make rule changes clarifying that the Part 69 access charge rules apply only to incumbent LECs, and not to CLECs. 106/ And we oppose permitting incumbent LECs to recover costs not associated with interstate directory assistance in the information rate element. 107/

105/ Notice, ¶ 293; see supra Section II.E.4.

106/ Notice, ¶ 296.

107/ Notice, ¶ 299; see supra at Section II.B.3.

CONCLUSION

WorldCom strongly supports the Commission's recognition that telecommunications competition requires interstate access reform. Revised access rules should better align access rates with cost. At the same time, the rules should prevent incumbent LECs from using their continuing dominant access position for anticompetitive purposes. Instead, those rules should create incentives for incumbent LECs to open up their networks to competitors, and therefore speed the day that access regulation can fade away.

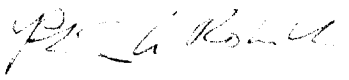
Respectfully submitted,


WORLDCOM, INC.


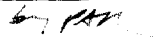
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January 29, 1997

**TABLE 1: SUMMARY OF WORLDCOM'S PROPOSED
ACCESS CHARGE REFORM TRANSITION PLAN
BASED ON THE TWO-PHASED APPROACH DESCRIBED IN THE NOTICE**

Phase of Competitive Development	Triggering Conditions	Regulatory Changes
Baseline	None.	<ul style="list-style-type: none"> • Baseline rate structure changes. • Prescriptive rate level changes for tandem switching, terminating local switching, and local switch port charges. • Eliminate the TIC (or rapidly phase it out).
Phase I: "Potential Competition"	<ul style="list-style-type: none"> • Unbundled network element prices based on geographically deaveraged, forward-looking economic costs -- and offered under pro-competitive terms and conditions. • Cost-based rates for local transport & termination • Resale rates based on retail less avoided cost. • Network elements and services provisioned rapidly and effectively. • Dialing parity, number portability, access to rights of way, and open and non-discriminatory network standards and protocols. • Full implementation of competitively neutral universal service mechanisms and TIC eliminated. • Credible and timely enforcement of pro-competitive rules. • Cost-based and non-discriminatory non-recurring charges. 	<ul style="list-style-type: none"> • Geographic deaveraging of carrier access charges and SLC. • Term discounts (up to 3 years). • Streamlined regulation of new services if cannot be substituted for existing services. • Differential pricing of carrier access services for traffic that originates from or terminates to residential, single-line business, or multi-line business customers.
Phase II: "Substantial Competition"	<ul style="list-style-type: none"> • General market conditions that the Commission found before streamlining AT&T's regulation in 1991. • Herfindahl-Hirshman Index level for the particular local market that is at least as low as that in the long-distance service markets for which AT&T's regulation was streamlined in 1991. 	<ul style="list-style-type: none"> • Volume discounts. • Term discounts for any length term. • Contract tariffs and competitive response tariffs. • Streamlined regulation of "new" services that can be substituted for existing services. • Elimination of separate baskets, service categories, and rate structure rules for trunking and local switching.
Absence of Potential Competition	<ul style="list-style-type: none"> • Conditions for Phase I not satisfied by Jan. 1, 1999. 	<ul style="list-style-type: none"> • Prescription of all access charges at forward-looking economic cost.

**TABLE 2: AN EXAMPLE OF AN ALTERNATIVE
ACCESS CHARGE REFORM TRANSITION PLAN
USING MORE THAN TWO PHASES**

Phase of Competitive Development	Triggering Conditions	Regulatory Changes
Baseline	None.	<ul style="list-style-type: none"> • Baseline rate structure changes. • Prescriptive rate level changes for tandem switching, terminating local switching, and local switch port charges. • Eliminate the TIC (or rapidly phase it out).
Phase I: "Potential Competition"	<ul style="list-style-type: none"> • Full implementation of all items on competitive checklist (see Table 1). • Full implementation of competitively neutral universal service mechanisms and TIC eliminated. • Credible and timely enforcement of pro-competitive rules. • Cost-based and non-discriminatory non-recurring charges. 	<ul style="list-style-type: none"> • Geographic deaveraging of carrier access charges and SLC. • Term discounts (up to 3 years). • Differential pricing of carrier access services for traffic that originates from or terminates to residential, single-line business, or multi-line business customers.
Phase II-A: "Emerging Full-Service Competition"	<ul style="list-style-type: none"> • Competitive presence test -- availability of local telephone service from facilities-based competitors to a certain minimum percentage of both business and residential customers throughout the relevant geographic area 	<ul style="list-style-type: none"> • Streamlined regulation of new services if cannot be substituted for existing services. • Term discounts for any length term. • Volume discounts with cost showing justifying both rate level of discounted offering and rate relationship to non-discounted offering.
Phase II-B: "Substantial Full-Service Competition"	<ul style="list-style-type: none"> • General market conditions that the Commission found before streamlining AT&T's regulation in 1991. • Herfindahl-Hirshman Index level for the particular local market that is at least as low as that in the long-distance service markets for which AT&T's regulation was streamlined in 1991. 	<ul style="list-style-type: none"> • Volume discounts with less justification required. • Contract tariffs and competitive response tariffs. • Streamlined regulation of "new" services that can be substituted for existing services. • Elimination of separate baskets, service categories, and rate structure rules for trunking and local switching.
Absence of Potential Competition	<ul style="list-style-type: none"> • Conditions for Phase I not satisfied by Jan. 1, 1999. 	<ul style="list-style-type: none"> • Prescription of all access charges at forward-looking economic cost.

CERTIFICATE OF SERVICE

I, hereby certify that on this 29th day of January, 1997, I caused to be served by hand delivery, copies of WorldCom's Comments, addressed to the following:

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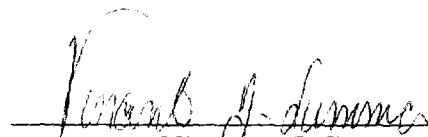
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